

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 189 - SB 177

March 25, 2021

SUMMARY OF ORIGINAL BILL: Authorizes beer manufacturers to self-distribute beer within a 100-mile radius of the manufacturing facility. Requires the manufacturer to acquire a wholesaler license to participate in the self-distribution from the Department of Revenue (DOR). Prohibits counties and cities from imposing an additional permit fee but authorizes them to impose a separate privilege tax.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$200/FY21-22 and Subsequent Years/Department of Revenue
\$200/FY21-22 and Subsequent Years/Tennessee Highway Patrol

Increase Local Revenue – \$2,300/FY21-22 and Subsequent Years

SUMMARY OF AMENDMENT (005892): Deletes all language after the enacting clause. Authorizes beer manufacturers to self-distribute beer if brewing less than 25,000 gallons a year. Requires the manufacturer to register as a wholesaler to participate in the self-distribution from the Department of Revenue (DOR). Limits the amount of beer shipped to 1,800 gallons, at which point the beer manufacturer must use a wholesaler. Clarifies that beer manufacturers would be liable for the barrel tax and wholesale beer tax. Establishes reporting requirements. Establishes the effective date as October 1, 2021.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- It is assumed that at least 23 current manufacturers in the state will obtain a self-distribution permit pursuant to this legislation, upon payment of the wholesaler registration fee and the local privilege tax.
- Pursuant to Tenn. Code Ann. § 57-5-102(b) and (d), the wholesaler registration fee is \$20; 50 percent of the proceeds are retained by DOR and 50 percent are allocated to the Tennessee Highway Patrol (THP).
- Pursuant to Tenn. Code Ann. § 57-5-104(b), the local privilege tax is \$100.

- The recurring increase in revenue, beginning in FY21-22, is estimated to be:
- \$230 for DOR (23 manufacturers x \$20 fee x 50% allocation);
- \$230 for THP (23 manufacturers x \$20 fee x 50% allocation); and
- \$2,300 for the local government (23 manufacturers x \$100 tax).
- It is estimated that beer manufacturers seeking to self-distribute are currently liable for the barrel tax, therefore no increase in state revenue is estimated to occur.
- It is estimated that the processing required by the DOR for processing the required information in the proposed legislation would be absorbable within existing staff and resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/aw